

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 CEA-01 (ISO) W

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P R 050858Z MAR 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7463

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION OECD PARIS

UNCLAS TOKYO 3373

PASS TREASURY, FEDERAL RESERVE, COMMERCE AND CEA

E.O. 11652: N/A

TAGS: ECON, EFIN, JA

SUBJECT: GNP - PRELIMINARY DATA FOR 4TH QUARTER AND YEAR 1975

REF: 75 TOKYO 18446

1. SUMMARY: FOURTH QUARTER INCREASE IN JAPAN'S REAL GNP WAS MODEST 0.4 PERCENT GAIN FROM PRIOR QUARTER, WHEREAS FINAL DOMESTIC DEMAND ACTUALLY DECLINED. WEAK FOURTH QUARTER PERFORMANCE HELD ANNUAL INCREASE IN REAL GNP TO 2.0 PERCENT. END SUMMARY.

2. JAPAN'S REAL GNP INCREASED BY ONLY 0.4 PERCENT IN FOURTH QUARTER 75, AND ONLY EXTERNAL SECTOR SHOWED STRENGTH, WITH QUARTERLY INCREASE OF 5.2 PERCENT. FINAL DOMESTIC DEMAND DECLINE 0.3 PERCENT FROM PRIOR QUARTER, CONFIRMING WIDESPREAD IMPRESSION HERE THAT ECONOMY HAS INDEED BEEN WEAK FOR PAST SEVERAL MONTHS. TOTAL FIXED INVESTMENT DECLINED 1.9 PERCENT FROM JULY-  
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SEP LEVEL WITH PLANT AND EQUIPMENT INVESTMENT DROPPING

BY 3.7 PERCENT.

3. FOR CY 1975 PROVISIONAL GNP FIGURES CONFIRM FORECAST IN REFTEL THAT RISE IN REAL GNP WOULD BE 2.0 PERCENT WITH INCREASE IN LATTER HALF OF YEAR AT ANNUAL RATE OF 3.4 PERCENT, AND STRONGER THAN FIRST HALF RATE OF 0.8 PERCENT.

GROWTH IN REAL GNP AND FINAL DOMESTIC DEMAND  
PERCENT CHANGE, SEAS. ADJ. AT ANNUAL RATES

	1975	FROM PRIOR HALF YEAR	
	VS 1974	75 JAN-JUNE	75 JULY-DEC
REAL GNP	2.0	0.8	3.4
REAL FINAL DOM- ESTIC	2.7	3.6	2.3
GNP DEFLATOR	7.3	5.4	5.7

4. QUARTERLY CHANGES IN COMPONENTS OF GNP DURING 1975  
BASED ON SEASONALLY ADJUSTED FIGURES INCONSTANT PRICES  
AND EXPRESSED AS PERCENT CHANGES FROM PREVIOUS QUARTER  
WERE AS FOLLOWS:

	I	II	III	IV	
GNP - REAL	-0.3	1.1	0.9	0.4	
PRIVATE CONSUMPTION			4.4	-0.1	1.4 0.6
GOVT. CONSUMPTION			2.0	1.2	1.5 0.6
FIXED INVESTMENT			-2.8	3.0	-0.6 -1.9
HOUSING (PVT. AND GOVT)					
	-6.4	-0.4	-2.1	-3.7	
GOVT NON-RESIDENTIAL			6.2	1.2	1.9 -0.1
FINAL DOMESTIC DEMAND			1.7	1.1	0.7 -0.3
INVENTORIES			-65.7	-9.1	167.2 -13.9
NET EXTERNAL SURPLUS					
ON CURRENT ACCOUNT			11.1	3.9	-13.5 28.5
EXPORT OF GOODS AND SV.					
	-1.3	-1.9	-1.4	5.2	
IMPORT OF GOODS AND SV.					
	-4.6	-3.7	2.6	-1.2	

CHANGE IN GNP DEFLATOR  
(IMPLICIT, S.A.) 0.3 2.2 0.9 1.6  
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5. MODEST FOURTH QUARTER RISE IN REAL GNP HELD ANNUAL INCREASE FOR CALENDAR 75 TO MEAGER 2.0 PERCENT.  
RISE IN FINAL DOMESTIC DEMAND FROM 1974 WAS SLIGHTLY STRONGER, AT 2.7 PERCENT, BUT MOST OF THAT WAS CONCENTRATED IN FIRST HALF OF YEAR. PRIVATE PLANT AND EQUIPMENT INVESTMENT FEL IN EVERY QUARTER OF 75 AND DROP FROM PRIOR YEAR WAS 14.4 PECENT, LARGEST ANNUAL DECLINE

FOR THIS ITEM IN POSTWAR PERIOD. PRIVATE CONSUMPTION  
ONLY SECTOR DISPLAYING ANY STRENGTH.  
SHOESMITH

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GNP, ECONOMIC REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976TOKYO03373  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760084-1025  
**From:** TOKYO  
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**Legacy Key:** link1976/newtext/t19760388/aaaaczsp.tel  
**Line Count:** 118  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 TOKYO 18446  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 JUL 2004 by fisherem>; APPROVED <09 DEC 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GNP - PRELIMINARY DATA FOR 4TH QUARTER AND YEAR 1975  
**TAGS:** ECON, EFIN, JA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006